According to Accounting 101, it states the following information for depreciation, is the accounting way of measuring the wear and tear on your fixed assets. It states in order to calculate depreciation, you would have to figure out which category the asset belongs to, then you multiply the total original asset cost by the percentage of the macrs table. I have included the different types of assets under the 3-year, 5-year property, and 7-year property. As well as a description of general depreciation system, and alternative depreciation system.

3-year property. a. Tractor units for over-the-road use. b. Any race horse over 2 years old when placed in service. c. Any other horse (other than a race horse) over 12 years old when placed in service. d. Qualified rent-to-own property (defined later)

5-year property. a. Automobiles, taxis, buses, helicopters, and trucks. b. Non-commercial (that is not used in commercial or contract carrying of passengers or freight). c. Any qualified technological equipment. d. Office machinery (such as typewriters, calculators, and copiers). e. Any property used in research and experimentation. f. Breeding cattle and dairy cattle. g. Appliances, carpets, furniture, etc., used in a residential rental real estate activity. h. Certain geothermal, solar, and wind energy property. i. Any machinery equipment (other than any grain bin, cotton ginning asset, fence, or other land improvement) used in a farming business and placed in service after 2017, in tax years ending after 2017. The original use of the property must begin with you after 2017. j. Any qualified facility (as defined in section 45Y(b) (1)(A)) of the Internal Revenue Code, any qualified property (as defined in subsection (b)(2) of section 48E of the Internal Revenue Code) which is a qualified investment (as defined in subsection (b) (1) of such section), or any energy storage technology (as defined in subsection (c)(2) of such section) and placed in service after 2024.

7-year property. a. Office furniture and fixtures (such as desks, files, and safes).

General Depreciation System

According to Investopedia, it states the following definition for general depreciation system. The general depreciation system is the most commonly used modified accelerated cost recovery system (MACRS) for calculating depreciation. A general depreciation system uses the declining balance method to depreciate personal property.

Alternative Depreciation System

According to Investopedia, it states the following definition for alternative depreciation system. An alternative depreciation system (ADS) is one of the methods the Internal Revenue Service (IRS) requires taxpayers to use to determine the depreciation allowed on business assets. An ADS has a depreciation schedule with a longer recovery period that generally better mirrors the asset's income streams than declining balance depreciation. If the taxpayer elects to use an alternative depreciation system, they must apply it to all property of the same class placed in service during the same year.

According to IRS Publication 946, it states the following information for each recovery period, under the GDS.

3-year property- 3-year recovery period (5 years for qualified rent to own property)

5-year property (5 years)

7- year property (7 years)

According to the same IRS publication 946, it states the following information for each recovery period, under the ADS.

Rent-to-own property ..... 4 years

Automobiles and light duty trucks ..... 5 years

Computers and peripheral equipment .... 5 years

Personal property with no class life ..... 12 years

Notes:

In order for me to utilize this information more in depth, I am going to need to figure out the value of the asset in question. According to Investopedia it gives me the following definition information for fixed-assets. A fixed asset is a long-term tangible property or equipment a company uses to operate its business. Fixed assets include buildings, computer equipment, software, furniture, land, machinery, and vehicles. Companies can depreciate the value of these assets to account for wear and tear. Fixed assets commonly appear on a company balance sheet as property, plant, and equipment (PP&E).